



YOUR GUIDE TO THE BANK BRANCH OF THE FUTURE

Community centers that feel personal

Your Guide to the Bank Branch of the Future:

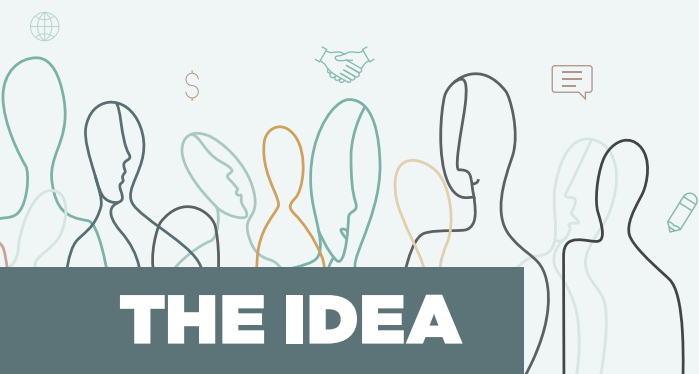
Community centers that feel personal



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THE IDEA

IN BRIEF

Although online banking continues to grow in popularity, the bank branch remains a cornerstone of accessible financial help. Consumers still rely on bank branches and bank personnel to engage in complex transactions, to resolve problems, and to get help with their household finances.

Nonetheless, branch visits have fallen in recent years, and the ongoing pandemic has only resulted in additional challenges for the bank branch. Branch traffic fell more than 30% in late April 2020 and in the first weeks of May compared to the same time the previous year.¹ Banks must now work to revitalize their branches by enacting new branch strategies and by focusing on new levels of personalization.

Thankfully, branch strategies don't need to stop at the region or group level. Playing to the individual distinctions of branch locations can be a major differentiator—30% of respondents to the 2019 Future Branches Consumer Study indicated

that a sense of belonging to the community was an important factor in their overall choice of a banking institution. Branches should reflect the communities they serve, administering to both the financial and social needs of specific populations.

Personalization is another key factor that will allow the branch to present a more welcoming face to customers. Engaging customers through a mix of personalized self-service solutions and the help of branch personnel can empower customers to make more informed financial choices, adding value to the bank branch that can't be achieved through a mobile app.

This report will illuminate how a combination of technology and strategy will allow your organization to develop a branch-by-branch approach to the delivery of outstanding customer experiences.

¹ McCaffrey, Orla. "People Aren't Visiting Branches. Banks Are Wondering How Many They Actually Need." *The Wall Street Journal*. June 7, 2020. < <https://www.wsj.com/articles/people-arent-visiting-branches-banks-are-wondering-how-many-they-actually-need-11591531200>>



KEY INSIGHTS FROM THIS STUDY



79% of respondents say the pace of digital transformation has accelerated due to COVID-19.



74% of respondents have noticed an increase in desktop banking activity and 63% have noticed an increase in mobile banking activity.



65% of banks have reduced personnel at branch locations due to COVID-19 and social distancing.



In each case, close to half of banks are increasing their investments in appointment scheduling tools (52%), digital signage (50%), maximum occupancy displays (47%), and interactive kiosks (45%) due to social distancing.



54% of banks believe their physical and online experiences are at least mostly integrated.



69% of banks saw their revenue increase by at least 31% due to investments in personalization in 2019, but only 40% expect the same results in 2020.



Only 24% of banks can “very easily” utilize customer information from digital interactions to inform in-branch engagement activities.



57% of banks are actively personalizing their websites for customer interactions and 58% are personalizing their email strategies.



59% of banks say their current technology does not support effective personalization. Meanwhile, 58% say they lack a centralized personalization strategy.

Create hyper-personalized consumer engagement through predictive insights



Cross-Channel Transaction/ Form Completion

Preserve cross-channel context and remind them to complete transactions or forms as they go from the website to mobile app to ATM to branches.

Understand customer's in-session intent and present the most relevant information or offer, while they are still engaged with you.



Early Purchase Prediction-based Real-time Actions

Correlate customer profile, location, and credit card activity to interact with them in that moment about upgrades to credit card limit or show offers to encourage credit card usage.



Location-based Credit Card Driven Actions

Empower your tellers with the most updated and real-time customer activity for a high-touch and personalized face-to-face interaction.

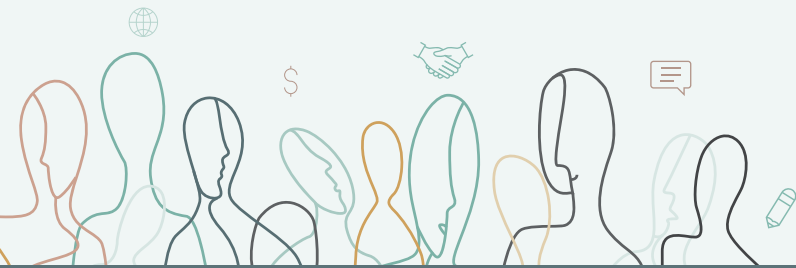


Personalized Clienteling in Branches

In the realm of digital transactions, predictive responses need to be immediate and accurate. Learn how ZineOne's AI-powered predictive engagement can help you **increase transaction completion rates by up to 20%** and see **3 times the click through rates** than with traditional engagement methods.

[SCHEDULE A DEMO](#)

ZineOne's Intelligent Customer Engagement (ICE) platform enables retail banks to understand every customer's needs and respond in-the-moment with relevant 1:1 interactions to influence desired outcomes. Recognized by Gartner as a "Magic Quadrant for Personalization Engines" provider, ZineOne has quickly positioned itself as a leading provider of AI-based predictive engagement for companies that seek to provide consumers with superior experiences. Its patent-pending and continuous learning models provide deep insights into each and every visitor across digital and physical channels while delivering intelligent customer experiences in key moments that delight customers, foster loyalty, and increase revenue.



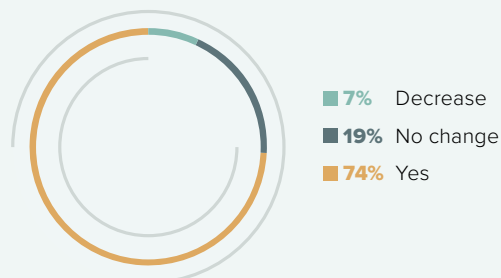
ONLINE BANKING IS ACCELERATING DURING COVID-19—DIGITAL TRANSFORMATION MUST KEEP PACE



In the past decade, banks have seen a dramatic shift from in-person retail banking to online banking. This has led to the closure of branches around the country, at a rate of three per day over the last ten years.²

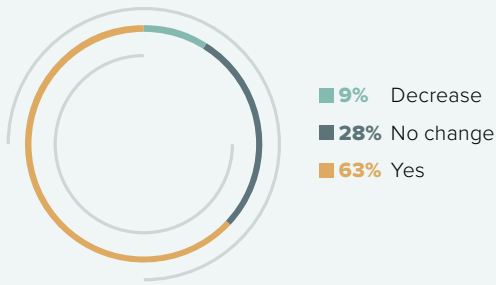
Due to COVID-19 and social distancing measures, banks are now watching the shift to online banking increase rapidly. Indeed, 74% of respondents have noticed an increase in desktop banking activity, while 63% have noticed an increase in mobile banking activity.

Have you noticed an increase in the amount of customer desktop banking activity within the past several months?



² Distefano, Joseph N. "Analyst: 20,000 bank branches or more could close after COVID-19." *The Pittsburgh Post-Gazette*. July 8, 2020. <<https://www.post-gazette.com/business/money/2020/07/08/banks-downsizing-coronavirus-COVID-19-pandemic-bank-branches-closing/stories/202007080051>>

Have you noticed an increase in the amount of customer mobile banking activity within the past several months?



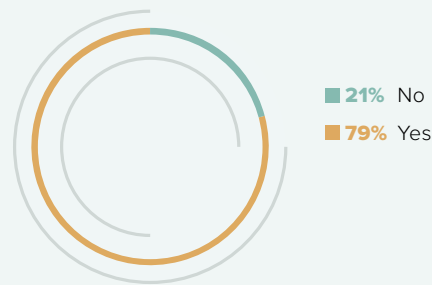
Furthermore, 65% of banks have reduced their in-branch staffing numbers due to COVID-19, likely due to necessary employee safety measures.

Still, the physical banking branch remains an essential touchpoint of financial and civic life. Many consumers rely on physical branches to address complex financial needs, resolve problems, and get financial advice. Some customers, especially those in rural areas and those without high-speed internet, rely on bank branches for most of their financial transactions.

To address changes in consumer behaviors and disruptions due to COVID-19, banks must accelerate the pace of their digital transformations, enabling customers to enjoy a seamless experience between online banking and in-person banking. New digital infrastructure is also necessary to enable new levels of personalization at the bank branch and to facilitate self-service solutions like automated kiosks and displays.

Currently, 79% of banks have already accelerated their digital transformation initiatives due to COVID-19.

Has the pace of digital transformation initiatives accelerated in relation to COVID-19 and social distancing?



Banks that invest in their initiatives now will be able to keep pace with consumer preferences as the pandemic drags on. Furthermore, they'll be in a much better position to deploy highly personalized, community-based branch strategies when the pandemic wanes and the economy begins to reopen.

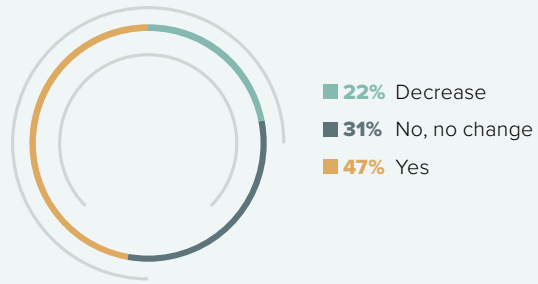
The next generation of bank branches will cater specifically to the distinct features of their surrounding populations, as well as the unique cultures and digital preferences of their customers. Banks will need to collect customer data at the local level to optimize each branch for unique levels of personalization and automated service.

Nonetheless, banks have already been in the process of transforming their digital infrastructures to compete with a host of new online and digital-first banks entering the market. The pace of transformation must accelerate to accommodate the changing habits of consumers in general, even with the disruptions of the pandemic.





Have you observed the average amount of time users spend on banking/personal finance apps increase since the start of the COVID-19 global pandemic?



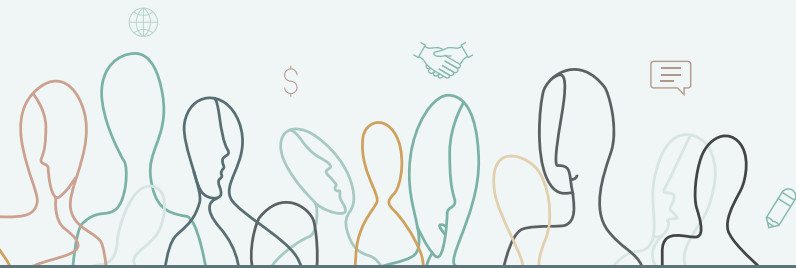
Currently, 47% of banks have seen an increase in app usage due to the pandemic. This is merely an acceleration of a trend already in progress, however. According to one Business Insider study, about 89% of banking customers—including 97% of millennials—indicated that they used mobile banking apps to some degree in 2019.³

KEY TAKEAWAYS

- Banks must accelerate the pace of their digital transformations to accommodate changing customer preferences during COVID-19.
- The physical bank branch still poses a unique opportunity for personalization and community banking.
- The next generation of bank branches must cater to the unique needs and preferences of their surrounding customer populations.
- Customer data, front office solutions, and innovative branch designs are necessary to turn the bank branch into a community focal point.

³ Phaneuf, Alicia. "State of mobile banking in 2020: top apps, features, statistics and market trends." *Business Insider*. August 14, 2019. <https://www.businessinsider.com/mobile-banking-market-trends>





BANKS MUST INTEGRATE PHYSICAL AND ONLINE BANKING EXPERIENCES TO FOSTER THEIR COMMUNITY

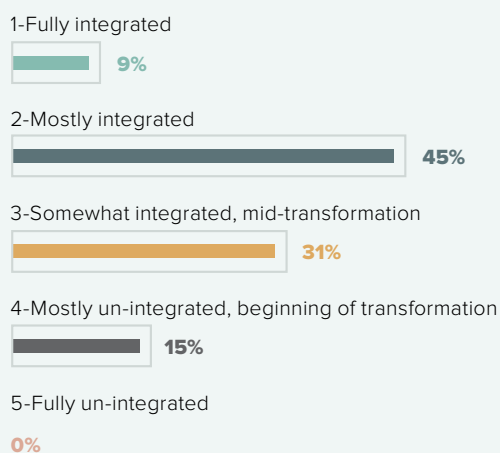
One of the ways banks can continue to turn their branches into personalized community centers is to integrate their physical and online banking experiences.

If done successfully, this can enable banks to bring the enhanced levels of personalization that customers enjoy online into the bank branch. Ideally, customers should be able to enjoy personalized recommendations, fast services, and certain levels of automation at the interactive kiosk as well as the customer service desk.

Using customer data, banks must be able to provide real-time guidance to their customers across physical, digital, and mobile channels. Currently, 88% of banks view this capability as at least somewhat important, with 40% considering it very important and 22% considering it extremely important.

Banks have each achieved varying levels of success integrating their channels. Currently, 54% of respondents believe their physical and online experiences are at least mostly integrated, but the remaining respondents feel that they are either midway through their multichannel transformation or only at the beginning.

How integrated are your physical and online experiences, on a scale of 1-5?



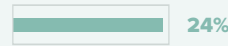
According to respondents' qualitative responses, some of the most important aspects of banks' multichannel strategies over the past several months have been:

- “Digital front office solutions”
- “Digital payments”
- “Sales and customer onboarding”
- “Stability in service”
- “Building and strengthening customer relationships”
- “Keeping branch banking in demand”
- “Buyer journey analytics across multiple devices”
- “Better personalization across all channels”
- “Providing quick alternatives to interruptions in the customer journey”

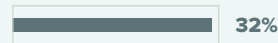
However, only 24% of respondents can utilize customer information from digital interactions to inform their in-branch engagement activities “very easily.”

How easily are you able to utilize customer information from digital interactions to inform your in-branch engagement activities?

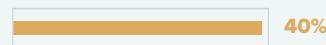
Very easily, this information is a key part of interactions



Somewhat easily, though there are gaps in how information is leveraged



With difficulty, this information is not often used in interactions



Not at all, our customer data is currently too siloed for use in interactions



Using multichannel customer information to support in-branch interactions is now one of the most effective ways to innovate at the branch level. It can also support the community-building initiatives that will be necessary to ensure branches drive revenue and remain central to the banking experience.

Banks will need to address common challenges to their ability to leverage multichannel customer information in-branch. According to several respondents' qualitative responses, incomplete customer data sets, a lack of infrastructure for storing and delivering customer data, and the inability to turn heterogeneous and unstructured data into useful insights are some of their biggest barriers to achieving this goal. Many suggest that analyzing and structuring data at the point of collection could be a significant solution to this challenge.



For example, one respondent says their bank is interested in “beginning analysis at the point where data gets created so that we can provide real-time suggestions to our in-branch customers.”

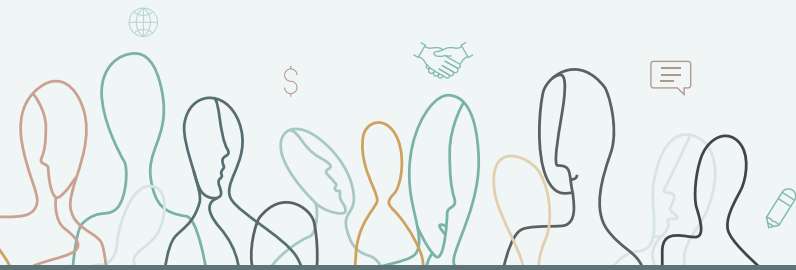
Similarly, another respondent says they need “technology that can quickly analyze all kinds of data and convert it into information in real-time.”

Another barrier to reaching this goal is “ever-changing data regulations.” However, technology solutions that analyze data at the point of collection could help to resolve issues with such regulations. Any data that is analyzed immediately can be sorted and secured just as quickly, ensuring any data retained by the bank complies with international, national, and regional rules.

KEY TAKEAWAYS

- Banks must integrate their digital and physical banking strategies to build a truly multichannel consumer banking experience.
- Customer information is key to achieving a seamless multichannel experience. Customer information collected across digital channels must be made available for personalization at the branch level.
- Banks must adopt the technology infrastructure necessary to analyze data at the point of creation. They must be able to store and secure data effectively to meet regulatory requirements.





BANKS NEED TO UPDATE THEIR TECHNOLOGY INFRASTRUCTURES AND FORM A CENTRALIZED PERSONALIZATION

STRATEGY



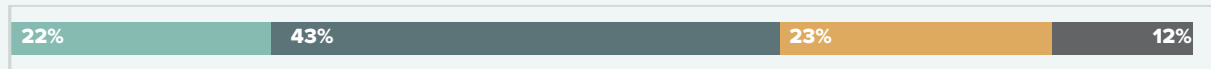
Personalizing the customer experience at the branch level requires a cohesive strategy. It also requires a robust data infrastructure that can support real-time data analytics and on-premises solutions like interactive displays, self-service kiosks, and a 360-degree view of customers for personnel.

Many banks are currently delivering personalized, value-added experiences through their websites and digital tools. For example, 47% of banks are delivering digital product recommendations and 41% are delivering personalized content through their mobile apps.

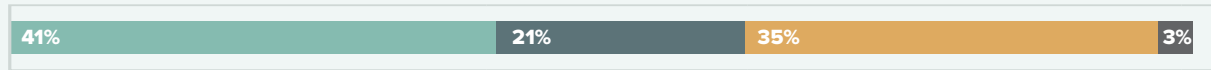
Which customer touchpoints is your organization actively personalizing today?

■ Currently personalizing
 ■ In the process of rolling out
 ■ Evaluating solutions
 ■ Not personalizing

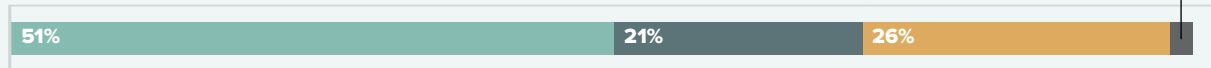
Teller interactions



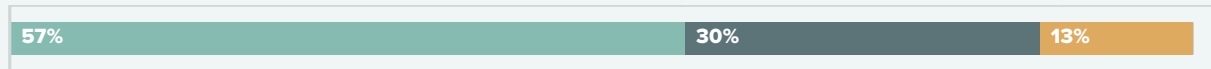
ATM



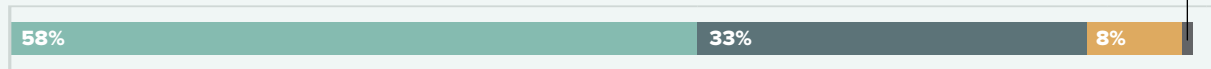
Mobile app



Website



Email



Banks are also focusing their personalization efforts on key customer touchpoints, but most of their efforts have been in the digital realm rather than at the branch level. For example, 58% of banks are currently personalizing their email campaigns and 57% are personalizing their websites, but only 22% are currently personalizing their teller interactions.

Still, 43% are currently rolling out personalization through their teller interactions and another 23% are actively evaluating solutions for doing so. The challenge, then, is translating the effective personalization strategies banks have achieved through digital touchpoints, so they deliver value in the bank branch.

Unfortunately, most of the respondents in this study say they face significant barriers to their personalization efforts.



In each case, a majority of banks say their current technology infrastructure doesn't support effective personalization (59%), nor do they have a centralized personalization strategy (58%). Meanwhile, 44% say data issues, including security, privacy, and siloed data, are getting in the way of their personalization efforts.

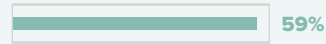
Banks are also less optimistic about the potential revenue they might generate in 2020 thanks to personalization. In 2019, 69% of banks saw their revenue increase by at least 31% due to investments in personalization, but only 40% expect the same results in 2020.

To meet the moment, banks will need to make significant changes to their technology infrastructures. They need the ability to leverage technology solutions at the branch level, but also the capabilities necessary to analyze data quickly so it can be used in branch settings in addition to online touchpoints. Most banks will likely roll these changes into their active digital transformation initiatives, which are already being accelerated due to ongoing social distancing measures.

Banks must also form a centralized personalization strategy to guide their processes. To create the community banking hubs of the future, each brand will require a strategy that incorporates the unique needs of customers based on the data they provide, as well as demographic and regional trends.

Which of the following obstacles to scaling your personalization efforts is your organization currently dealing with?

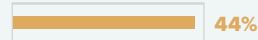
Current technology infrastructure does not support effective personalization



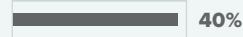
Lack of centralized personalization strategy



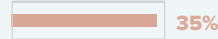
Data issues (i.e. data security & privacy, siloed data)



Lack of data science skills sets within the organization



Lack of AI/ML integration



Unsure of the benefits/use case for our organization



KEY TAKEAWAYS

- Banks must develop a cohesive strategy for rolling out personalization in the bank branch. Specific branches can be specialized based on the needs of their customers.
- Banks need to update their infrastructures to facilitate the next generation of in-branch personalization solutions. Infrastructures should be updated as part of the digital transformation process.
- Banks should take the lessons they've learned from digital customer touchpoints and apply them at the branch level to foster greater levels of personalization and to enhance community-building efforts.





CONCLUSION

As banks approach the end of 2020, they'll begin to choose which technology features they'll prioritize in their branches and elsewhere. Respondents were asked which features they intend to prioritize in the coming months. If two features stand out among their responses, they are artificial intelligence (AI) and contactless banking.

According to one respondent, "Interactive AI material in our branches and other online and mobile platforms are key to our personalization priorities." AI can assist in both personalization and in back-office capabilities at the branch level. For example, AI can help to route cash reserves toward branches in need to ensure there is always cash available. Of course, AI can also assist at the customer level, empowering bank personnel with personalized, real-time financial recommendations, which they can then pass on to their clients.

Meanwhile, contactless banking has become essential due to the pandemic. According to one respondent, "We consider health and safety the most important parts of life, and there is nothing more personal than health. Having contactless functions is key here."

Likewise, another respondent says, "The latter half of 2020 will see new digital, contactless technology inclusions where customer identification is the safest and the easiest in the industry."

Not surprisingly, many banks are interested in combining these two technologies. "Contactless AI technology with smart interactive features could make its way in the next six to eight months," says a respondent.

Similarly, another respondent says, "Contactless direct banking is an important system we are chasing through artificial intelligence."

The bank branch of the future will require new investments in technology infrastructure, as well as a re-imagining of how human tellers and customers interact. To evolve bank branches into community hubs, personalization must reach beyond the digital realm to influence everyday interactions within the branch itself. In the interim, contactless banking and automation solutions should be deployed to ensure the convenience and safety of customers and branch personnel.



HOW TO TURN THE BANK BRANCH INTO A COMMUNITY CENTER



Develop a cohesive strategy for rolling out personalization at the branch level.



Transform your technology infrastructure to facilitate the next generation of in-branch automation solutions, personalization technologies, and point-of-capture data analytics capabilities.



Integrate your physical and digital banking touchpoints to create a seamless customer experience across channels.



Deploy AI solutions for contactless banking at the branch level and empower personnel with the digital tools they need to deliver personalized services.



Re-imagine the banking branch as a community hub using new branch designs, interactive technologies, and best practices.



ABOUT OUR

SPONSOR



In the realm of digital transactions, predictive responses need to be immediate, relevant, and accurate. ZineOne's Intelligent Customer Engagement platform enables retail banks to understand and respond in-the-moment with relevant 1:1 customer engagements to influence desired outcomes. Recognized by Gartner as a "Magic Quadrant for Personalization Engines" provider, ZineOne has quickly positioned itself as a leading provider of AI-based predictive engagement that is delivering nearly \$1 billion dollars in new revenue while respecting and preserving margins for companies who seek to provide consumers with superior digital experiences.

Its patent-pending platform and continuously learning models provide deep insights into each and every visitor across digital and physical channels while delivering intelligent customer experiences in key moments that delight customers, foster loyalty, and increase revenue.

Contact us to understand why India's largest bank, HDFC Bank, trusts ZineOne to expand revenue from its digital channels and increase timely loan payments while achieving a 25x return on the cost of its campaigns.

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ABOUT THE

AUTHORS



FUTURE BRANCHES

Future Branches is a networking event series, brought to you by the organization that puts on both NetFinance and Future Stores. We explore how financial institutions are capitalizing on their physical spaces by revamping in-store technology, revitalizing their front line associates and reimagining branch processes to meet the ever-changing demands of their customers. Learn more at futurebrancheseast.wbresearch.com

INSIGHTS

Worldwide Business Research



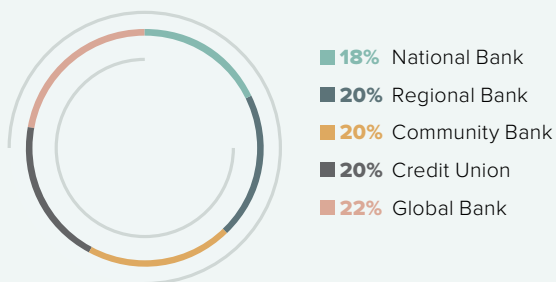
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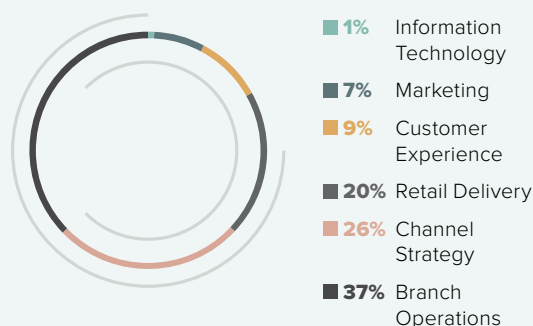


APPENDIX A: ABOUT THE RESPONDENTS

How would you describe your company?



Among the following options, which best describes your role?



How many physical bank locations do you have?

